

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 230 - SB 731

March 11, 2013

SUMMARY OF BILL: Creates the “Restraint on Government Growth Act”. Requires any municipality annexing land pursuant to an amended growth plan to hold a referendum prior to annexation of land within the municipality’s approved urban growth boundary. Requires referendums to be held in accordance with the procedure set forth in Tenn. Code Ann. § 6-51-104 and § 6-51-105.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$6,000*

Other Fiscal Impact – Due to multiple unknown factors, any change in local government property tax revenue cannot be quantified.

Assumptions:

- According to Municipal Technical Advisory Service (MTAS), a majority of annexations are accomplished through ordinance. This bill would require a referendum rather than an ordinance.
- Pursuant to Tenn. Code Ann. § 6-51-104 and § 6-51-105, a municipality, by resolution, may propose extension of its corporate limits by annexation. A copy of the resolution shall be sent to each property owner within the territory proposed for annexation by first class mail and notice must be in a newspaper of general circulation. The costs for referendum are paid by the annexing municipality.
- According to the Division of Elections, if the referendum were held with a regularly scheduled election, there would be no additional cost; however if a special referendum were held, the cost would vary based on the size of the municipality electing to hold the special referendum. Costs would range from \$6,000 for a smaller local government, to as much as \$500,000 for a larger municipality.
- At least one special referendum per year statewide. Therefore, a recurring increase in local government expenditures exceeding \$6,000.

- Due to several unknown variables, such as the number of municipality that will desire to annex territory, the extent of property desired to be annexed, the number of property owners requiring notification, the value of any such properties, the extent of subsequent development that would occur on any annexed property, and whether majority vote was to accept annexation, the fiscal impact to local government revenue cannot be determined.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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